SDS ProVal

USER MANUAL

Consolidation

Version 8.19

Supplied by IMPACT GROUP

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ISO 9001:2008 FS 551863 ISO 14001:2004 EMS 551864 AS/NZS 1401:2001 OHS 551865

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January 2012

1.0 Starting & Exiting SDS ProVal

Starting ProVal will amend the Excel operating environment and as a precaution the user should first close any other workbooks which may be open in Excel. Exiting will restore the Excel environment.

An existing appraisal file cannot be opened in Excel as though it was an ordinary workbook because the necessary database and code files will not be present.

1.1 Start SDS ProVal

Double click on the desktop shortcut icon.

Starting from the shortcut provided will open Excel and ensure ProVal system files are opened. ProVal appraisal files cannot be read properly in Excel on their own, therefore it is not possible to copy files onto another machine and open them in Excel.

1.2 Exit SDS ProVal

1. Ensure any open appraisals have been closed. To check that all appraisals have been closed, click the button View Opened Files.
2. To exit ProVal and restore the Microsoft Excel environment to its normal position, click the button Exit ProVal.

2.0 Open, Save & Close Consolidation Files

2.1 Start a New Consolidation

1. From the Control Panel, click the button Start New.
2. Choose *Consolidation Version 819* from the modules listed in the dialog box and click OK button once.

2.2 Open an Existing Consolidation

1. From the Control Panel, click Open Existing File.
2. Select *Consolidation File* from the options listed.
3. Choose the consolidation file to be opened from the Open dialog box. Navigate to the correct drive and folder as necessary. See also 4.1 for setting a preferred folder to open into.

2.3 Save a New Consolidation

1. Click Home Page
2. Click Save.

3. Check that the folder name which is shown in the *Save As* dialog box is correct. A default folder name can be set in *Personal Defaults* [see 4.1].
4. Enter or amend the file name as necessary.
5. Click the Save button to save the appraisal.

2.4 Save an Existing Consolidation as a New Version

A consolidation can only be saved as a new version, **after** it has been saved for the first time. See 2.3 above.

1. Click Home Page
2. Click Save as New Version.
3. Verify the name of the new file and the folder in which it is to be saved.
4. Click Save.
5. Enter a password (twice) to protect the appraisal (i.e. make it Read-Only) as appropriate. Password protected files can still be opened and read, but cannot be amended unless the password is supplied. Ensure you keep a note of any passwords as these cannot be recovered by your supplier.

! Tip
Amend the description of the *Version* cell in the header section of the appraisal to describe the new version being saved. This data will be used to generate a new file name incorporating the version description.

2.5 Close a Consolidation

1. Click Home Page
2. Click Close.
3. If the file has not been saved then save it as described above, otherwise confirm whether any changes that may have been made are to be saved.

3.0 Navigation Controls

To assist the user to move to any part of the consolidation, navigation buttons are identified by black text on a yellow background. The Help button has a light blue background.

Green buttons perform some kind of action such as Start on the Home page.

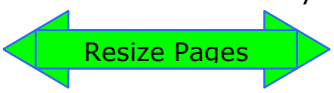
Click the button once either to move to the relevant part of the consolidation (navigation) or to start the action.

The normal scroll bar devices are available to the user at the right hand side and bottom of the screen. Normal keyboard commands are also available.

3.1 Screen Sizing

On starting a new consolidation all pages are automatically sized to the width of the screen (portrait pages only). This action will be performed when pressing Start on the Home Page.

If the consolidation is subsequently viewed on a different screen size, resizing of the pages can be carried out by clicking the button on the Home page.



The user can manually adjust the zoom by using the **View|Zoom** toolbar command.

4.0 Setting and Applying Default Values

Inputs can be set by default when a new consolidation is started. Default values are held in separate files and there is no limit to the number of files which can be created. The user chooses which default file to use at the start of a new consolidation. Default values, can be overwritten on the consolidation. The *Validation Report* highlights changes to key defaults and shows the original and the current values.

There are 3 types of Default files:

1. Personal Defaults
2. System Defaults

4.1 Personal Defaults

These values are personal to the user.

1. Click Set Defaults on the Control Panel
2. Choose the *Personal Defaults* option.

The four personal default values which can be set are:

Printer	Click into the cell and choose a printer from the printer names listed.
User Name	Enter appropriate text.
Folder Path for Saved Appraisal Files	Click into the cell and browse to the preferred folder where appraisals are to be saved. If not set, the default folder option will be displayed, i.e. *Drive:\SDS ProVal\ProVal Appraisals.*

Folder Path for Saved Consolidation Files	Click into the cell and browse to the preferred folder where consolidations are to be saved. If not set, the default folder option will be displayed, i.e. *Drive:\SDS ProVal\ProVal Appraisals\ProVal Consolidations.*

On completion click Save & Return to Control Panel.

4.2 System Defaults

These values are the main appraisal and consolidation values. They are set in one file for all ProVal modules. On delivery a *Demonstration* file is supplied which is used principally for training purposes. **Do not** use this file as a guide to setting values appropriate to your organisation.

1. On the Control Panel click Set Defaults.
2. Choose the *Standard* option.
3. On opening click View Defaults. This will display the *Global* default values page. This page includes the values needed for a consolidation.
4. Click Update these Defaults and use the **Tab** key to move from cell to cell to set default values as prompted.
5. To password protect the values from unauthorised changes:
    a. Click Set or Change Password at the top of each page.
    b. Enter and confirm a password. Passwords apply to each page.
6. Return to the *Home Page* and click Save Defaults.

To create another file of defaults, using the Standard as starting point:

1. Make changes to the default values as required.
2. Change the *Name* in the *Global Defaults* page.
3. Return to the *Home Page*. Click Save As New Version.
4. Click Close to return to the Control Panel.

4.3 Defaults Validation Report

Key default values used in the consolidation can be changed. The Defaults Validation Report compares the actual consolidation values with those imported from the default file. Differences are highlighted and both values reported.

5.0 Carrying out a Consolidation

5.1 Key Features

- Consolidates up to 50 scheme appraisals in one file.
- Scheme appraisals can be a mix of rented, shared equity, Private Finance or Supported Housing.
- Development Cash-flows are automatically phased.
- Long Term Cash-flows are phased by the user at the time of import and can afterwards be amended.
- Long Term Cash-flows can be recast using different loan parameters.
- Consolidation reports are shown for:
  - Scheme Listing - details of addresses, LGA, file name etc for each scheme appraisal.
  - Capital Costs - acquisition and works costs, professional fees, capital grant, loan amounts.
  - Development Cash-flows - detailed 24 month and 12 year summary.
  - Development Cash-flow Details
  - Long Term Cash-flow - up to 60 years
  - Long Term Cash-flow Details with appraisal viability report and inputs.
  - Summary.
  - Charts.

! Tip

Before starting a new Consolidation ensure the defaults page has been completed [4.0]. Setting default values saves the user from having to make entries on the consolidation.

Starting a new consolidation

1. From the Control Panel click the button Start New.
2. Select the *Consolidation Version 819* option and click the OK button.
3. Click Start.
4. Select an appropriate default values option.
5. Enter the calendar month corresponding to your organisation's year end date, e.g. March. This will be used to determine the calendar date of Year 1 in the Long Term Cash-flow. Year 1 will be set equal to the year ending *Month + Earliest Scheme coming into management.* If the month entered is March and the earliest scheme in the Consolidation comes into management in June 2012, then Year 1 of the long term cash-flow will be defined as Y/e March 2013.

5.2 Entering Data

The colour coding for cell labels and data input is as follows:

Pink labels	These labels prompt for essential information.
Green labels	These labels indicate that the data is optional.

Blue labels	These labels can be overwritten by the user to describe the data input more specifically.

All entries by the user will be shown in Blue. Default values entered onto the appraisal will also be in blue which indicates that the user may change them.

Memorandum information will be shown in Orange.

Error & warning messages will be shown in Red.

All cells under program control are shown in Black.

All key entries will be validated.

5.3 Import New Scheme

To import a ProVal appraisal:

1. Click Import New Scheme.
2. If there are any appraisals currently open you either select one or browse for another file. Navigate to the folder where the appraisal file has been saved.
3. Select the file and click <Open>.
4. Enter the month and year (mmm-yyyy) when the scheme will be fully into management. If a Practical Completion date has been entered on the scheme appraisal, this date will be displayed for information. The assumption is that the scheme will come into management on the **last day of the month** specified.
5. If the appraisal has already been imported then you must confirm whether to overwrite the existing data. You cannot import the same appraisal file twice.
6. After importing the *Scheme File Listing* will be updated.

The data in the consolidation are the values showing in the appraisal file at the time of importing. Subsequent changes to the appraisal data will **not** be automatically added to the consolidation. Click Update Data to ensure the consolidation is up to date [see 5.4]. The *Scheme File Listing* identifies the date and time the appraisal was imported.

Development cash-flow data is imported form the *Scheme Cash-flow* page of the appraisal. Costs must be analysed in the appraisal and the *Scheme Cash-flow* page fully completed without errors. If costs have not been analysed or the development cash-flow is not fully and correctly completed, the cash-flow data will not be imported.

5.4 Scheme File Listing

Click Scheme Listing to display the *Scheme File Listing*. It displays details of the appraisal files which have been consolidated.

Enter a *Consolidation Name* at the start of the page. Enter the remaining information prompted by the green labels in the header section of this page as appropriate.

5.5 Open Scheme File

1. Click Open Scheme File.
2. Select a file and Click OK.
3. The appraisal file will be opened.

5.6 Update Data

Click Update Data to re-import data and overwrite the existing scheme data in the consolidation with the latest version of the appraisal data.

Select to update a *Single Scheme* or *All Schemes.*

If the appraisal data is in an open file it is not necessary to close it first.

5.7 Remove Scheme

1. Click Remove Scheme.
2. Select the scheme to be removed and click <Remove>.
3. Confirm its deletion at the next message prompt.

5.8 Adjust Development Cash-flow Timings

It is possible either to bring forward or delay the whole of a scheme development cash-flow, but not to amend the individual monthly amounts.

1. Click Adjust Dev. C/f Timings. Select the file name.
2. Choose either the *bring forward* or *delay* option.
3. Set the number of months and click OK.

On completion, the user is asked whether to adjust the long term cash-flow with a revised *Date Into Management*. If this is amended, a further prompt to update the development cash-flow will be displayed. This time click cancel.

5.9 Adjust Date Into Management

To amend the date when a scheme comes into management:

1. Click Adjust LTC Timings. Select a file name.
2. Enter a revised date as appropriate.

On completion, the user is asked whether to adjust development cash-flow timings. If these are amended, a further prompt to update *Date Into Management* will be displayed. This time click cancel.

5.10 Capital Costs Report

Click Capital Costs. The *Scheme Capital Costs* report lists the key costs, capital grant and private finance totals for each scheme, together with combined totals. This report is in landscape format.

5.11 Development Cash-flow Report

Click Dev. Cashflow. The header section of this report lists the first event and last event for all schemes. For a detailed report on each scheme click Dev. C/f Details. This report will also indicate whether there were errors in the appraisal cash-flow, in which case the data will not have been transferred.

The report gives a 12-year annual summary followed by a 24-month detailed development cash-flow.

Enter a *Start Date for this Consolidation (mmm-yyyy)* at the start of the cash-flow displayed. This can be any date. If there are events in the scheme development cash-flows which pre-date the *Start Date* a memorandum message will be displayed. If a scheme cash-flow extends beyond the end of the consolidated development cash-flow a similar message will be displayed.

To make user adjustments to the consolidated development cash-flow in the first 24 months enter a sum (plus or minus) in the appropriate month(s) as prompted by *User Adjustments*.

To make user adjustments in the consolidated cash-flow in years 3 to 12 enter a sum (plus or minus) in the summary cash-flow as prompted.

To view the consolidated development cash-flow as a chart click Dev. C/f Chart. A 24 month summary and 12 year summary chart is displayed.

To adjust the cash-flow timings, see 5.8 above.

5.12 Long Term Cash-flow - Scheme Appraisal Details Report

Click Long Term C/f Details to view a summary of the key inputs and viability report for each scheme appraisal imported.

For consolidations with more than 10 schemes scroll to the right to display all the schemes.

5.13 Long Term Cash-flow Report

The Consolidation will import details of the following data from the scheme appraisal:

Private Finance
Opening loan
All Rent, ex voids
All allowances
Staircasing receipts
Any other capital sums arising in the long term cash-flow
Residual capital sums.

Click Long Term Cashflow to display the consolidated long term cash-flow and enter the essential information in the header section of the page, if not already completed by default.

The consolidation program recasts the long term cash-flow using the loan repayment method and interest rates defined by the user on the *Long Term Cash-flow* page. Note that these inputs may not be the same as used in the long term cash-flow of the scheme appraisal. Click Long Term C/f Details to review the scheme appraisal assumptions.

The cash-flow can be extended up to 60 years and revenue income/expenditure can be inflated beyond their initial expiry period by a user-defined escalation rate. To extend the cash-flow to 60 years without inflating enter 0%.

Warning!
Do not extend the cash-flow to 60 years when Life Cycle Costs have been used in the appraisal.

A *Specified Opening Loan Year 1* can be set by the user.

The cash-flow displays the first 10 years in detail and thereafter 5 year milestones are displayed. There is a *Print Option* to print a report showing all 60 years.

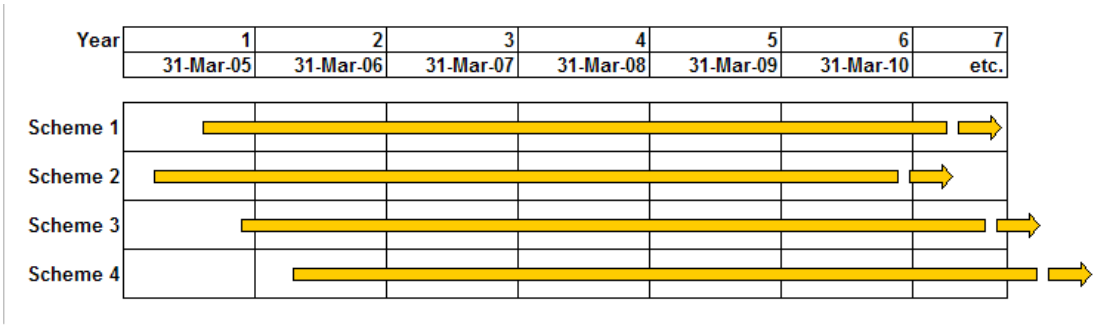
5.13.1 Scheme Phasing

The consolidation cash-flow varies from the scheme cash-flow in one very important aspect. When consolidating multiple schemes it is not possible to add annual cash-flows together. The schemes will usually be developed at different times; therefore the point at which they come into management will also be different. So when consolidating schemes it is necessary to establish the phasing of schemes. This phasing is established when the scheme is imported and the user is asked the question: *When does the scheme come into management?*

Before consolidating cash-flows, it is also necessary to establish what month should be used to define the year end. This is established when applying defaults on starting a new appraisal. For most CHPs this will be June. The scheme which has the earliest *Date Into*

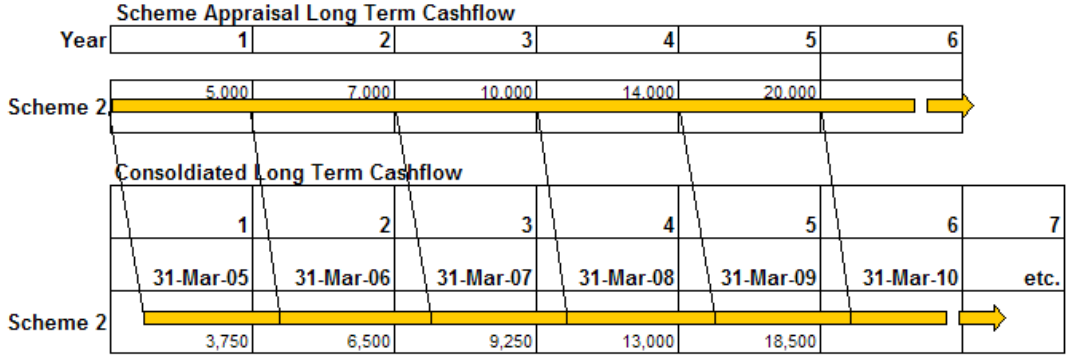
Management together with the user's preferred year end month determines Year 1 of the cash-flow. E.g. if the earliest scheme into management is July 2004 (interpreted as the end of July) and the preferred year end month is March then Year 1 of the consolidation will be y/e March 2005. This is the case with Scheme 2 in the illustration below.

Illustration of Cash-flow indicating phasing of income/expenditure



In the consolidation it is necessary to recast the appraisal cash-flow so that the revenue flows are split up across the correct years. This is done on a pro rata monthly basis. Therefore for Scheme 2 in the above example, Year 1 of the consolidated cash-flow comprises 9/12 of Year 1 of the scheme cash-flow. Year 2 of the consolidated cash-flow is the remaining 3/12 from Year 1 of the scheme cash-flow plus 9/12 from Year 2. The last year in the consolidated cash-flow (Year 46) will only have 3/12 from Year 45 of the scheme cash-flow.

Illustration showing how annual cash-flows in the scheme appraisal are split up in the consolidation



Thus the annual cash-flows in the consolidation are different from the scheme cash-flow and this has a knock on effect on the viability results, particularly NPV and loan repayment period.

NPV
In a scheme cash-flow, the NPV is based on a full number of annual revenue flows for a specified period. If the same period is used in the consolidation, but the *Date Into Management* does not coincide with the start of the consolidation, then the result must be different. Delaying the date into management decreases the NPV (all other factors remaining the same).

A scheme which has an NPV calculated over 30 years may only have say 29.5 years (or fewer) when consolidated, and so the NPV result in the consolidation over 30 years, will be worse. Schemes which start in later years will be even more adversely affected. Accordingly, the user should consider extending the NPV period to prevent losing data in the later years.

In the example above, the NPV of the scheme appraisal cash-flow compared with the Consolidation is as follows:

Scheme Appraisal – NPV over 5 years = $45,378

Consolidation – NPV over 5 years = $42,647, data is lost as it extends into Year 6.

Consolidation – NPV result over 6 years = $44,735, this is the effect of the delayed start.

See also 5.13.3 below.

Loan Repayment Period
The phasing will also have an effect on the repayment of the loan. When the repayment method is Principle & Interest (P&I) the loans in the consolidation will all be paid off within the term set by the user. For example, if a scheme comes into the consolidation at Year 3 and the loan repayment term is set to 30 years, the scheme will have its loan paid off in 28 years (the first 2 years are omitted). The user should therefore consider adjusting the repayment term where the phasing is significant.

When the loan repayment method is Interest Only, schemes with better loan repayment terms will help those with worse. The degree of improvement will depend on the relative size of the initial loans.

5.13.2 Cash-flow & Cumulative Balance

The *Cash-flow* line represents all revenue income, less revenue expenditure minus loan repayments. The *Cumulative Balance* represents the sum of all *Cash-flows* up to the previous period.

For a graphical presentation of the cash-flow click Cashflow Charts.

5.13.3 Net Present Value (NPV)

1. Select an appropriate *NPV Calculation Option* from the drop-down list box (further explained below).
2. Enter a *NPV Discount Rate.*
3. Enter a period for the NPV calculation, *Summarise Cash-flow Results to Year.*

There are 3 *NPV Calculation Options:*

1. Net Rent – Loan (NPV net rent, minus the loan)
2. Net Rent + Cap. Value – Loan (NPV net rent, plus residual capital value, minus the loan
3. Cash-flow (NPV of the Cash-flow line on the *Cash-flow*)

Net Rent – Loan The result is the net present value of the *Net Rev. Income (*discounted over the period set at *Summarise Cash-flow Results to Year)* from which the NPV of all the loans is deducted.

Net Rent + Cap. Value – Loan is the same as above, except with this option the residual asset value if included in an appraisal is included. It also includes the NPV of any capital receipts such as staircasing loans and other capital receipts from Private Finance appraisals.

Cash-flow is the line shown on the Long Term Cash-flow and represents the difference between all income and all the loan repayments (not recommended).

Internal Rate Of Return - the *IRR* is related to the *Net Present Value*. It is the *NPV Discount Rate* which achieves a Net Present Value of zero. The Internal Rate of Return result displays the result according to the *NPV Calculation Option* chosen by the user. There are occasions when it is not mathematically possible to calculate IRR. Similarly the value may be greater than or less than 50%. In these instances the report will display either *<-50%* or *>50%* as appropriate. This should be interpreted as "No valid value found".

For NPV purpose the rent is discounted monthly.

5.13.4 Loan Repayment Method

Two methods of loan repayment are possible: Principle & Interest (P&I) - where the loan and interest are repaid by equal instalments over user specified term (up to 60 years), and Interest Only - where the interest alone is repaid and the capital repaid from annual surpluses with deficits being added to the loan. This latter method can be thought of as being similar to an overdraft situation.

Because schemes are phased by calendar month, the calculation of interest is also done monthly. See also 5.13.1.

5.13.5 Escalation

In the Long Term Cash-flow Consolidation, the user can extend the revenue income/expenditure sums from 45 years up to 60 years. To extend these sums either enter a 0% Escalation Rate in which case the last year values will be repeated up to Year 60, or set an appropriate escalation rate to be applied.

5.13.6 Charts

For graphical presentation click Long Term C/f Chart.

5.14 Summary Report

Click Summary.

A summary of the schemes imported into the consolidation gives the following information:

Scheme details (for consolidations exceeding 10 schemes a full list of schemes is given in the Scheme Listing report)
Capital costs
Development cash-flows
Long Term Cash-flows
Financial assumptions and Results.

6.0 Printing

All printing is done from a single print button Printing Options .

Any combination of pages and quantity can be printed.

Pages can be printed in colour if preferred. Uncheck the Black & White option.

The default printer will be shown on the Print Options dialog box, but other printers can be selected.

To set the default printer:

1. Click Set Defaults on the Control Panel.
2. Choose the *Personal Defaults* option.
3. Click into the *Printer* cell and choose a printer from the printer names listed.
4. Click Save & Return to Control Panel.

Printing Default Values
It is not possible to print the Personal Defaults information.

To print the default values file:

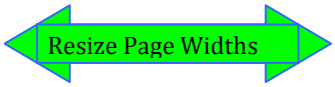
1. Click Set Defaults on the Control Panel and click OK to the information message explaining the different default setting arrangements.
2. Choose the default file to be printed.
3. When the file opens click View Defaults.
4. Navigate to the Global Defaults page.
5. Click Print this Page. The device will be active printer. A printer dialog box will not be displayed and one copy of the page will be printed.

7.0 Help

For on-screen help, click Help.

For individual Help topics click Index, View Topic & Print.
From the list of topics displayed, select a topic and click View Topic. To print the topic notes click the button Print Topic.

If the page is not optimally displayed for your screen, click



To return to the Appraisal click the button Return to Consolidation.

Some cells on the Appraisal have user help notes in a comment box. Comment boxes are identified by a small red triangle in the top right corner of the cell. To view the comment, place the mouse cursor over the red triangle.

Impact Group
January 2012